

CAI
XC14
-R11

Government
Publications

HOUSE OF COMMONS

Second Session—Twenty-second Parliament

1955

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND
TELEGRAPH LINES

Chairman: H. B. McCULLOCH, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

BILL No. 416 (Letter C-14 of the Senate),
An Act to incorporate Consolidated Pipe Lines Company.

BILL No. 453 (Letter I-15 of the Senate),
An Act to incorporate Baudette and Rainy River
Municipal Bridge Company.

THURSDAY, JUNE 16, 1955

WITNESSES:

Mr. Hugh O'Donnell, Q.C., Parliamentary Agent, representing the Consolidated Pipe Lines Company; and Mr. Gregory J. Gorman on behalf of Alastair Macdonald, Q.C., Parliamentary Agent for the Baudette and Rainy River Municipal Bridge Company.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955

STANDING COMMITTEE
ON
RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: H. B. McCulloch, Esq.,
and Messrs.

Balcom	Habel	MacNaught
Barnett	Hahn	McIvor
Batten	Hamilton	McWilliam
Bonnier	Hamilton (<i>Notre Dame</i>	Meunier
Boucher (<i>Chateauguay-</i>	<i>de Grace</i>)	Montgomery
<i>Huntingdon-Laprairie</i>)	Hamilton (<i>York West</i>)	Murphy (<i>Lambton West</i>)
Buchanan	Hanna	Murphy (<i>Westmorland</i>)
Byrne	Harrison	Nesbitt
Campbell	Healy	Nicholson
Carter	Herridge	Nickle
Cauchon	Hodgson	Nixon
Clark	Holowach	Nowlan
Deschatelets	Hosking	Purdy
Dupuis	Howe (<i>Wellington-</i>	Ross
Ellis	<i>Huron</i>)	Small
Follwell	Johnston (<i>Bow River</i>)	Stanton
Gagnon	Kickham	Viau
Gauthier (<i>Lac St. Jean</i>)	Lafontaine	Villeneuve
Goode	Langlois (<i>Gaspe</i>)	Vincent
Gourd (<i>Chapleau</i>)	Lavigne	Weselak
Green	Leboe	

E. W. Innes,
Clerk of the Committee.

CAI
XC15
-R17

REPORT TO THE HOUSE

FRIDAY, June 17, 1955.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

SIXTEENTH REPORT

Your Committee has considered the following Bills and has agreed to report them without amendment:


Bill No. 416 (Letter C-14 of the Senate), intituled: "An Act to incorporate Consolidated Pipe Lines Company".

Bill No. 453 (Letter I-15 of the Senate), intituled: "An Act to incorporate Baudette and Rainy River Municipal Bridge Company".

A copy of the evidence taken in respect of the said Bills is appended.

All of which is respectfully submitted.

H. B. MCCULLOCH,
Chairman.



Digitized by the Internet Archive
in 2023 with funding from
University of Toronto

<https://archive.org/details/31761103746509>

MINUTES OF PROCEEDINGS

THURSDAY, June 16, 1955.

The Standing Committee on Railways, Canals and Telegraph Lines met at 11.30 o'clock a.m. The Chairman, Mr. H. B. McCulloch, presided.

Members present: Messrs. Balcom, Barnett, Bonnier, Buchanan, Campbell, Gourd (*Chapleau*), Green, Habel, Hamilton (*Notre Dame de Grace*), Healy, Herridge, Holowach, Kickham, Lafontaine, Leboe, McCulloch (*Pictou*), Meunier, Murphy (*Westmorland*), Nixon, Purdy, Small, Viau, and Weselak.

In attendance: Mr. H. P. Cavers, M.P.; Mr. William Benidickson, M.P.; *Representing Consolidated Pipe Lines Company:* Mr. Hugh O'Donnell, Q.C., Parliamentary Agent, and Mr. Charles Stanley Robinson, Director and General Manager, of Consolidated Gathering Systems, Alberta. *Representing Baudette and Rainy River Municipal Bridge Company:* Mr. Gregory J. Gorman, on behalf of the Parliamentary Agent, Mr. Alastair Macdonald, Q.C..

On motion of Mr. Viau,

Resolved,—That the committee print 600 copies in English and 200 copies in French of its Proceedings on Bills Nos. 416 and 453.

The Committee proceeded to the consideration of Bill No. 416, (Letter C-14 of the Senate), intituled: "An Act to incorporate Consolidated Pipe Lines Company".

Mr. Cavers, sponsor of the bill, spoke briefly and introduced Mr. O'Donnell who in turn outlined the purposes of the bill.

The Preamble, Clauses 1 to 11 inclusive, the Title and the Bill were adopted.

The Chairman was ordered to report the Bill, without amendment.

The Committee then considered Bill No. 453 (Letter I-15 of the Senate) intituled: "An Act to incorporate Baudette and Rainy River Municipal Bridge Company".

Mr. Benidickson, sponsor of the bill, explained its purposes and, assisted by Mr. Gorman, answered questions thereon.

The Preamble, Clauses 1 to 23 inclusive, the Title and the Bill were adopted.

The Chairman was ordered to report the Bill, without amendment.

At 12.15 o'clock p.m., the Committee adjourned to the call of the Chair.

E. W. Innes,
Clerk of the Committee.

If one looks at the pipe line map of the United States, it is a veritable cobweb of crisscrossing pipe lines of varying lengths and sizes.

Generally speaking that is about all I have to say unless the committee is interested in some particular feature.

The applicants, it might be interesting to note, are all Canadians. Norman Alexander Dutton whose name is mentioned in the bill is a gentleman who is more familiarly known to the committee as "Red" Dutton, the famous old hockey player who is a contractor of very considerable competence and who through the years has done many million dollars worth of work. He is thoroughly able and competent. Associated with him is Mr. Ralph Will who, incidentally, is president of the Alberta Gas Trunk Line Company Limited which is the company that is to gather in Alberta the gas which will ultimately be put through the Trans Canada Pipe Line. It will take the gas to the Alberta-Saskatchewan boundary and there turn it over to the Trans Canada Line.

Mr. William S. Knode is an engineer and the general manager of the Alberta Gas Trunk Line company, and Mr. Charles Stanley Robinson is a director and manager of an Alberta company called the Consolidated Gathering Systems Limited, which is registered to do business in all the western provinces.

By virtue of section 10A of the Pipe Lines Act, if a provincial or an international boundary is to be crossed, the company must have a federal charter.

Mr. Robinson is also a director of Calnorth Oil Limited, but there is no conflict between this company and Trans Canada. As a matter of fact, they are cooperating very closely. With the president and general manager, Mr. Will, and Mr. Knode, of the Alberta Gas Trunk Line Company, who are among the present applicants; it is obvious that there would be no conflict.

The other applicant is Mr. Patrick Morgan Mahoney, barrister and solicitor. And associated with the actual applicants are Mr. C. R. Walker, president of Merrill Petroleums, and Mr. Max Bell, president of Calvin Consolidated Oil Company, which has recently been sold to Canadian Petrofina. "Calvin" is said to be the largest owner of the gas at Provost. These people form a well-balanced team, as Mr. Cavers said in the House, of engineers, contractors, and people experienced in the oil and gas business, and as I said they are all Canadians. Therefore, in the light of the very extensive developments in this industry which are taking place, and which are largely controlled by, or in the hands of persons, other than Canadians, they as a Canadian group consider that they should get in on some of this business. Through the years there will be plenty of it at their disposal on the basis of comparison with the volume which exists in the United States. Mr. Robinson was previously with the well-known financial firm of Osler, Hammond & Nanton, and is thoroughly familiar with the oil and gas business and with the financing of it, so there will be no difficulty, according to my instructions, in acquiring any finances which may be needed to carry out any of these individual projects. That is all I have to say, unless the committee would like to have some further comment.

The CHAIRMAN: The committee might like to ask you some questions.

Mr. LAFONTAINE: You have covered everything!

The CHAIRMAN: Shall the preamble carry?

Carried.

Shall clause 1 carry?

Carried.

Shall clause 2 carry?

Carried.

Shall clause 3 carry?

Carried.

Shall clause 4 carry?

Carried.

Shall clause 5 carry?

Carried.

Shall clause 6 carry?

Carried.

Shall clause 7 carry?

Carried.

Shall clause 8 carry?

Carried.

Shall clause 9 carry?

Carried.

Shall clause 10 carry?

Carried.

Shall clause 11 carry?

Carried.

Shall the title carry?

Carried.

Shall the bill carry?

Carried.

Shall I report the bill without amendment?

Carried.

Mr. O'DONNELL: Thank you, Mr. Chairman, and gentlemen.

The CHAIRMAN: The next bill to be considered is Bill No. 453—Letter I-15 of the Senate—entitled an Act to incorporate Baudette and Rainy River Municipal Bridge Company. Mr. Benidickson is the sponsor so I will therefore call Mr. Benidickson.

Mr. W. M. BENIDICKSON, M.P.: Mr. Chairman and gentlemen, I have the privilege of sponsoring this bill because the project is one which my constituents on the Canadian side of the Rainy River have hoped for for a great number of years. During my ten years as member of parliament for the area I have made a number of attempts to see if it were possible to obtain public funds to construct a toll-free bridge and I know that similar efforts have been made in the hope that it might be appropriate for the provincial government to make a contribution as part of their highway development. These efforts have not been successful and as a result it has appeared the most likely way to proceed with this project is to follow the pattern which has been followed in connection with many other international bridges: municipal revenue bonds are sold in the United States and after they are retired as the result of the earnings from tolls the bridge reverts to Canadian and American public ownership.

You, gentlemen, will be familiar with the bill which received your approval this session to link up Sault Ste. Marie, Michigan, with Sault Ste. Marie, Canada. While I have not drafted the present bill I am assured that it

is similar to that bill. The financing will be similar, and the terms of the bond issue, the interest arrangements and so on are again similar. Though no Canadian investment will be made in this bridge I would think that the area around Rainy River would benefit as much as or probably more than the area round Baudette municipality although Baudette municipality is really sponsoring the bill and arranging the financing through the sale of bridge bonds.

The nearest international bridge is at Fort Francis which is about 65 miles east of Rainy River, and the nearest international entry point west is about 100 miles to the west in Manitoba.

Rainy River, as you can see on the map on our wall, is on the Lake of the Woods in the southwest corner of Ontario and members of the committee will appreciate that we have quite a strategic position there on the International Boundary; a great influx of tourists comes into our territory from both central and western United States.

At the moment anyone who desired to go from Rainy River to Winnipeg would have to travel east 65 miles to Fort Francis and then go back west and north over a highway connecting Fort Francis and Kenora with Winnipeg, or else take the same road east to Fort Francis and go across the international bridge there and then back west on the American highway which parallels the boundary; or there is for six months of the year a small ferry which provides accommodation for six cars. I am told that a number of people have some doubts about using that ferry.

The intentions concerning this bridge have been advertised in the usual way for a number of weeks not only in the local papers but in the Canada Gazette and during the period publicity was being given to the project I personally received no adverse comments or correspondence and I know of no criticism which has been received by any one else.

Mr. GREEN: How wide is the river?

Mr. BENIDICKSON: The river is about 1,000 feet wide at the point where it is suggested the bridge should be built, and with its approaches the bridge would probably be about 1,200 feet in length. I am told the estimated cost is about \$600,000. There is a railway bridge near the proposed location for this bridge but no interference will develop. The Canadian National Railways have not been willing that their bridge should be enlarged to provide for the vehicular traffic and have even looked unfavourably on pedestrians going across the railway bridge.

Mr. VIAU: What will be the height of the bridge?

Mr. BENIDICKSON: I am afraid I cannot answer that. I know something about the depth of the water at the site—the deepest point is about 30 feet.

Mr. GREEN: Is the river navigable?

Mr. BENIDICKSON: It used to be the route of the old fur trade from Port Arthur up through to Kenora, Winnipeg river and so on. But there is a power plant now at Fort Francis which serves the Ontario-Manitoba paper company and there is now no commercial traffic because of the present highway facilities.

Mr. HAMILTON (*Notre Dame de Grace*): Can the witness tell me whether Mr. Vennes, the Postmaster or Mr. Olinyk, the Customs Officer, are employees of the Canadian government?

Mr. BENIDICKSON: Yes, they both are. The chief industry of the town of Rainy River is the C.N.R. and as this is an entry point we have customs and immigration officials; there are also a few merchants serving the agricultural area, but the population is only about 1,300. Mr. Olinyk is mayor of Rainy River and Mr. Vennes—one of the Messrs. Vennes—is a member of the council. One of the applicants, Mr. Ramage, is head of the Chamber of Commerce, and Mr. McQuarrie has been for a great number of years chairman of the Rainy

River Bridge committee which has been trying to develop this project. It is intended that the Canadian Corporation, with your approval, would be 90 per cent owned by the town of Rainy River and these men are applicants simply in their official capacities and would have no personal financial interest in the bridge company.

Mr. HAMILTON: Actually there is an interesting point here, when we begin to get members of the Civil Service of Canada applying for the incorporation of a bridge company and becoming directors of an incorporated company.

Mr. HABEL: They are citizens of this country, I believe—

Mr. HAMILTON: I do not as yet imply any criticism. I said this is an interesting point. The criticism may come, but let us not debate it until such time as it is made.

The next point which might be raised in that connection is this: I presume it would be possible for these people to be paid remuneration as directors of the corporation?

Mr. BENIDICKSON: I think it would be possible, Mr. Hamilton, but I recall that the same point was raised in connection with the Sault Ste. Marie bridge and assurances were given that there was no intention that that would be done. It is expected that just as soon as the stock is transferred from the provisional applicants that the municipality, owning 90 per cent of the stock, would have the power to make any decision as to remuneration. This would be in the hands of the municipal council and certainly the practice has been in connection with other bridges that no salaries are paid except for time serviced by those who are actually managing the bridge, taking the tolls and so on.

Mr. HAMILTON: Is there any provision whereby members of the Civil Service of Canada are not allowed to accept other employment? Is that not your understanding of the position?

Mr. BENIDICKSON: I am not too familiar with that. I do recall that the point was raised in connection with the local municipal election here and I think it was due to the fact that in the case of the public office which was being considered that the possible candidate for mayoralty of a city as large as this would have to resign from his post, because it would occupy a good deal of his time. I do not think that in these small communities the question has ever been raised. It is simply something which flows from the unpaid public services which these men are giving as members of the Chamber of Commerce and as members of the Municipal Council of the town of Rainy River. I do not believe salaries are paid to Rainy River councillors. They may get a nominal amount for expenses.

Mr. HAMILTON: I do not know whether there is any precedent for this particular situation. It seems to me—and if the hon. member is looking for any criticism of the situation, here is that criticism—as if we may be concurring in something which in the first place is contrary to the requirements of the Civil Service Act and in the second place would be setting a precedent which would be open to considerable question. I have nothing except admiration for anyone, civil servants or others, who choose to spend a portion of their free time in the service of their municipality, or in welfare services or anything else, but I think we have reached a point at which when a civil servant, who presumably should be in a position to exercise his function without any bias whatsoever comes before us as an applicant for an act of incorporation of a company, perhaps that civil servant may be putting himself in a position which is open to some question.

For example I think it is obvious to all of us that if another civil servant—say, the Deputy Minister of the Department of Transport—came before us as an applicant for the incorporation of a pipe line we should view the situation

with some reservations—at least I certainly would—and I can think of a great many other instances of a similar nature. This is exactly the same thing in principle, though not to the same degree. A customs officer who presumably may be one of the people engaged in handling entries over this bridge, since it runs between the United States and Canada—

The CHAIRMAN: Mr. Hamilton, is it not true that if a civil servant takes a remunerative post under this he would have to resign his position?

Mr. HAMILTON: That would be my understanding. Yet here we are being asked to authorize the incorporation of a company of which a director is a civil servant and with regard to which it is openly stated he is a civil servant.

Mr. HABEL: This is a preliminary organization?

Mr. BENIDICKSON: One civil servant is, of course, an applicant because he is the mayor of his town. It would be most unusual if the town were to become the owners of 90 per cent of the stock of this company if the mayor were not one of these representative citizens who would apply to us for incorporation.

The CHAIRMAN: He would not have to resign if he was not receiving a salary?

Mr. BENIDICKSON: No. Mr. Gorman is the parliamentary agent and has drafted this bill. He points out to me that it is obvious that no profits can go as a sideline to these civil servants. Clause 4, subclause 2 reads:

No dividends or profits shall be paid to or received by the said shareholders or any of them directly, or indirectly, and all operating or other profits shall, after payment of carrying charges, be used for the payment and retirement of any bonds, bonded indebtedness or other securities of the Company.

I think the honorary nature of their association with this project is covered by clause 4, subclause 2.

Mr. NIXON: As far as I can see, this bill is drafted almost exactly the same as the one drafted for the Sault Ste. Marie bridge. At that time I remember sponsoring the bill in the House of Commons. When it came before this committee it was very carefully gone into. The men whose names appear in clause 1 do not receive any remuneration at all; it is purely a preliminary arrangement, according to law, for tax agreement or arrangements. That is why it has to be done in this way. I would like to support this bill. As I said before, the Sault Ste. Marie bridge bill was similar, if not identical. It was carefully gone over then. I see no reason for any lengthy discussion on this bill.

Mr. MURPHY (*Lambton West*): We do not even know if the postmaster is a civil servant. There are only 1,300 people in the town. I doubt whether the postmaster is a civil servant.

Mr. HAMILTON (*Notre Dame de Grace*): The customs officer is a civil servant, I hope.

Mr. HERRIDGE: I do not think Mr. Hamilton's point is very well taken because I know of a number of federal and provincial civil servants who are officers in public companies or members of councils, mayors or aldermen who are officers of companies. I know it is quite general in British Columbia. I have never heard of the practice being questioned before.

The CHAIRMAN: Perhaps you would like to hear from Mr. Gorman.

Mr. GREGORY J. GORMAN (*Council for Alastair Macdonald, Q.C., Parliamentary Agent*): Mr. Chairman and honourable members. I have very little to add to what Mr. Benidickson has said about this bill. I shall be very pleased however, to attempt to answer any questions that hon. members may have in connection with any of the provisions of the bill as drafted. I should

perhaps say it is in exactly the same form as the St. Mary's River Bridge Bill with the exception of one section which was in that bill but which is not in this one, and that section dealt with a railway bridge owned by what they call the St. Mary's River Company which is actually a subsidiary of the C.P.R. and the Ferry Company. There were special provisions dealing with those two items in that bill and in the Act as finally passed, because there was a special problem there which does not exist here.

The bridges are being financed in the same way, and the bill is in the form which has in the past received the approval of the financial houses who will be underwriting the bonds. They are financial institutions having headquarters in New York City. The form of the bill both as submitted to this parliament and as passed by congress in the United States is in line with what they consider necessary for the protection of the bond holders. There have been a number of other bills, including the Act incorporating the company to build the bridge at Ogdensburg, which are also along similar lines. That, too, of course was an Act of this parliament passed, I think, two or three sessions ago.

Mr. WESELAK: I have one or two questions. I notice the capital stock is \$1,500. It hardly seems sufficient to build a bridge.

Mr. GORMAN: That is the capital stock. The financing of the bridge itself will be done entirely through the issue of bonds, so that the amount set out as the value of the capital stock is purely nominal. As was explained by Mr. Benidickson, I think, it is expected that the total cost of the bridge will be about \$600,000 and that will all be taken care of by the issue of bonds.

Mr. PURDY: I am going to ask the witness if the bridge costs \$600,000 why is it necessary to issue up to \$2 million in securities?

Mr. GORMAN: The figure of \$2 million, sir, is an arbitrary one. It was inserted in the draft bill before we had the actual estimates of the cost of the bridge from the engineering firm who have been making a preliminary survey of the location and the cost. It was felt that we should insert a figure which erred on the side of excess rather than the other way. I think I can assure the committee, however, that certainly no greater issue of bonds will be made than is required for the actual cost of construction.

Mr. HOLOWACH: Do you anticipate receiving a grant from the federal government?

Mr. GORMAN: No, sir; this is to be financed entirely through the sale of bonds and there will be no grant from the federal government or from any other government authority other than the village of Baudette in Minnesota which is also a very small centre. I think the population is also 1,300. Their contribution to this project has been in underwriting the preliminary cost of traffic surveys and engineering reports and that sort of thing. They have done that on their own initiative and that has been and will be the only public contribution to the cost of the bridge.

Mr. LEOE: Is there any possibility of an exodus, shall I say, from the one Canadian point to the United States point by virtue of the bridge being built, do you think? I mean, is there any possibility of Canadians eventually moving into the United States by virtue of the fact that they can go back and forth across the river so much easier?

Mr. GORMAN: Perhaps I should ask Mr. Benidickson to answer that question because he is much more familiar with the locality.

Mr. LEOE: It has no real bearing—it is a question which just occurred to me.

Mr. BENIDICKSON: There is, of course, a very considerable traffic now, but in an awkward manner, between Rainy river and Winnipeg through the U.S.A. The stockyards are in Winnipeg. Rainy river is the centre of an agricultural area. They market cattle in Winnipeg and this will considerably reduce the length of the trip if they are using the highways. Similarly, if they were going south on a vacation they would now have to go east even although their ultimate destination might be west.

The CHAIRMAN: Any further questions? Shall the preamble carry?

Mr. GREEN: Shall we take it by clauses?

The CHAIRMAN: Clause 1.

Carried.

Clause 2.

Carried.

Clause 3.

Carried.

Clause 4.

Carried.

Clause 5.

Carried.

Clause 6.

Carried.

Clause 7.

Carried.

Clause 8.

8. The Company may, subject to the provisions of this Act,

- (a) construct, maintain and operate a bridge across the Rainy River, in the province of Ontario, for the passage of pedestrians, vehicles, carriages and for any other like purpose, with all necessary approaches from a point in or near the village of Baudette, in the state of Minnesota, to a point in or near the town of Rainy River, in the province of Ontario, and may purchase, acquire and hold such real estate, including lands for sidings and bridge heads, and other equipment required for the convenient working of traffic to, from and over the said bridge as the Company thinks necessary for any of the said purposes; but the Company shall not commence the actual construction of the said bridge nor exercise any of the powers hereunder until an Act of Congress of the United States of America or other competent authority in the United States of America has been passed authorizing or approving the construction of such a bridge across the said river;
- (b) acquire, maintain and operate, subject to Ontario highway traffic laws and requirements, buses across such bridge to carry passengers and personal luggage and effects to and from a terminal in the said town of Rainy River to and from a terminal in the said village of Baudette: Provided no such buses shall receive any passenger at any point in the town of Rainy River, Canada, and carry him or her to another point in the said town.

Mr. GREEN: Mr. Chairman, in clause 8 at the foot of the second page, it is mentioned that the construction of the bridge cannot be commenced until passed by the United States Congress.

Mr. BENIDICKSON: There has been stand by permissive legislation in the United States Congress for quite a number of years. I have quite a number of copies of the U.S. bills here. My understanding is that there is a basic bill in the United States Congress which authorizes this project as an international project, but in this bill there was a provision that the authority terminates if construction is not proceeded with within a certain number of years. From time to time that expiry date has been passed. The last time it was due to the Korean war and it was not possible to proceed with construction because of the difficulty in obtaining structural steel. One renewal was obtained, and it may be necessary to have a further renewal. It simply involves a very short congressional bill saying this is put back into full force and effect under the legislative enactment of some ears ago. I believe another application was made for this at this session of Congress and the people in Beaudette have assured us they anticipate no difficulty obtaining it.

The CHAIRMAN: Shall clause 8 carry?

Carried.

Clause 9.

9. The Company may

- (a) expropriate and take any lands actually required for the construction, maintenance and operation of the bridge or may expropriate and take an easement in, over or through such lands without the necessity of acquiring a title in fee simple thereto after the plan of such lands has been approved by the Governor in Council; and all provisions of the *Railway Act* applicable to such taking and acquisition shall apply as if they were included in this Act; and all the provisions of the *Railway Act* which are applicable shall in like manner apply to the ascertainment and the payment of the compensation for or damages to land arising out of such taking and acquisition or the construction or maintenance of the works of the Company;
- (b) in reduction of the damage or injury to any lands taken or affected by such authorized works, abandon or grant to the owner or party interested therein, any portion of such lands, or any easement or interest therein, or make any structures, works or alterations in or upon its works for such purposes; and if the Company by its notice of expropriation or some subsequent notice, prior to the first meeting of the arbitrators, specify its decision to take only such easement or undertake to abandon or grant such lands or easement or interest in lands, or to make such structures or works or alterations, the damages (including damages, if any, resulting from the change in the notice of expropriation) shall be assessed by the arbitrator or arbitrators appointed pursuant to the provisions of the *Railway Act*, in view of such specified decisions or undertaking, and the arbitrator or arbitrators shall declare the basis of their award accordingly, and such award, as well as such specified decision or undertaking of the Company, may be enforced by The Board of Transport Commissioners for Canada;
- (c) enter into and upon any lands, buildings or structures proximate to the said bridge for the purpose of ascertaining the state of repair thereof, and for devising the best means of avoiding any possible damage which the execution of the authorized works might occasion thereto, and make upon or in connection therewith any works, repairs or renewals, for the purpose of preventing or mitigating any such damage, and the Company shall make compensation in the manner specified in the *Railway Act*, to all persons interested for

the damage sustained by them, if any, by reason of the exercise of the powers in this paragraph contained; and section 242 of the *Railway Act*, shall apply to the exercise of the powers in this paragraph granted so far as is necessary to enable the Company to carry them into effect.

Mr. HERRIDGE: Could you tell us to what extent under subclause (c) private interests might be disturbed. What would be the extent of expropriation on the Canadian side of this bridge?

Mr. BENEDICKSON: In so far as Canada is concerned, I am advised that the town of Rainy River quite a number of years ago acquired land, which I am told will be really all that is necessary in order to provide for the approaches for the bridge on the Canadian side. It is usual, however, to have a clause of this kind in the bill in the event that it is found at some time in the future that the non professional people did not provide for all the land that engineers make now say is necessary.

The CHAIRMAN: Shall clause 9 carry?

Carried.

Clause 10.

10. Subject to the provisions of the *Railway Act*, the Company may charge tolls for the use of the said bridge, approaches and facilities and may regulate the tolls to be charged, and the rates of toll shall be so fixed and adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing and operating such bridge, approaches and facilities, and to provide a sinking fund sufficient to amortize the cost of such bridge, approaches and facilities, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed forty years from the completion thereof.

Mr. GREEN: Clause 10 provides for the imposition of tolls. Does the Board of Transport Commissioners have an authority over these tolls?

Mr. GORMAN: Yes. Section 42 of the *Railway Act* is applicable. The Board of Transport Commissioners must approve the rate of tolls to be charged.

The CHAIRMAN: Shall clause 10 carry?

Carried.

Clause 11.

Carried.

Clause 12.

Carried.

Clause 13.

Carried.

Clause 14.

14. The Company may make agreements with any company, body or commission, incorporated or created under the laws of Canada or under the laws of the United States of America, or the state of Minnesota respecting the financing, controlling, construction, maintenance and use of the said bridge and its appurtenances and acquiring the approaches and lands therefor in the state of Minnesota, as well as in Canada, and may, subject to the provisions of this Act, unite with any such company, body or commission in financing, controlling, building, working, managing, maintaining and using the said bridge, terminals and approaches, and may amalgamate with any such company, body or commission on

such terms and conditions as may be agreed upon subject to such restrictions as the directors deem fit, and may assign, transfer and convey to any such company, body, or commission at any time before the completion of the said bridge such part, if any, of the said bridge as may then have been constructed, and all rights and powers acquired by the Company, including those rights and powers acquired under this Act, and also all the franchises, surveys, plans, works, plant, machinery and other property to it belonging, upon such terms and conditions as may be agreed upon by the directors: Provided that such agreement or agreements, amalgamation, union, assignment, transfer or conveyance shall have been first approved by the holders of two-thirds of the shares at a special general meeting of the shareholders, duly called for the purpose of considering it, at which meeting shareholders representing at least two-thirds in number of the subscribed shares of the Company are present, or represented by proxy, and that such agreement or agreements, amalgamation, union, assignment, transfer or conveyance shall also have received the sanction of the Governor in Council and certified copies thereof shall be filed forthwith in the office of the Secretary of State for Canada.

Mr. GREEN: Could we have a reason for clause 14? It appears to anticipate some sort of agreement with the Americans?

Mr. GORMAN: The scheme under which the financing is done requires the American authority, in this case, the town of Baudette, Minnesota, to issue bonds. The town of Baudette is empowered under an Act of the state of Minnesota—I can give you the reference here in a moment—to issue the bonds and to collect tolls, and is given the power similar to those given to the company under this bill. The town of Baudette is also permitted to enter into amalgamation and other agreements with the authority to be set up on the Canadian side which is provided for in this bill.

The clause to which you refer which enables this company to enter into an agreement with, in this case the town of Baudette in order to operate the bridge. In the case of the St. Mary's river bridge there was a similar provision but in that case the United States authority was the International Bridge Authority of Michigan which is a special body set up for the purpose of building and operating international bridges.

Mr. HOLOWACH: What assurance is there that the equity in this company will be held by Canadians in the best interests of Canada? According to section 14 I understand that the company can "assign, transfer and convey to any such company, body, or commission at any time before the completion of the said bridge, such part, if any, of the said bridge as may then have been constructed, and all rights and powers acquired by the company . . ." This company has the right of assigning all such powers to another company if it so wishes. Is there no assurance that the equity in this company will be held by Canadians?

Mr. GORMAN: That, I think, will have to be provided for in the agreement to be entered into between the two companies, between this company and the United States authority. The final protection, of course, is that at the expiry, when the bonds have been paid off, that part of the bridge which is in Canada will revert to the Crown in the right of Canada or whatever body is designated by the Crown to take title to it.

Mr. HOLOWACH: In other words, there is no definite assurance that this company will remain in Canadian hands. It could eventually be transferred to American interests. Is that right?

Mr. GORMAN: I suppose there is that possibility. The safeguard would have to be in the fact that it is intended that 90 per cent will be held by the town of Rainy River in Ontario and they will look after their own interests in that respect.

The CHAIRMAN: Shall clause 14 carry?

Carried.

Shall clause 15 carry?

Carried.

Clause 16?

Carried.

Clause 17?

Carried.

Clause 18?

Carried.

Clause 19.

19. When the corporate obligations and stock of the Company and of any of the companies or bodies mentioned in sections 14, 15, 16, and 17, with which the Company shall join or unite in the construction of said bridge have been retired, in the manner prescribed in their by-laws, then such bridge and the approaches thereto and all appurtenant structures, property rights and franchises, so far as the same are located within the United States of America, shall be conveyed by the Company, its successors and assigns without cost or expense to the state of Minnesota or to such municipality or agency of the state of Minnesota as the legislature of said state may designate, and so far as the same are located within Canada shall be conveyed, without cost or expense to Canada or to such province, municipality or agency thereof as the Governor in Council may designate, and all rights, title and interest of the Company, its successors and assigns, in such bridge and the approaches thereto and all appurtenant structures, property, property rights and franchises, so far as the same are located within Canada, shall then cease and determine.

Mr. GREEN: Does clause 19 have the effect of bringing about the transfer of the part of the bridge which is in Canada either to the dominion government or the provincial government or some municipality when the bonds have been paid off ?

Mr. GORMAN: Yes, sir, and that is the section which makes that provision.

Mr. GREEN: The bridge will then be, like any other international bridge, owned by the two governments?

Mr. GORMAN: Yes.

The CHAIRMAN: Shall clause 19 carry?

Carried.

Clause 20?

Carried.

Clause 21?

Carried.

Clause 22.

22. (1) If available in Canada, Canadian labour and materials to the extent of at least fifty per centum of the cost thereof shall be used in the construction of the said bridge and verification of the fulfilment

of this requirement shall be supplied the Department of Labour of Canada by a certified statement to it from the Company or its agent at the end of each calendar month during construction.

(2) The *Fair Wages and Hours of Labour Act* shall apply to labour from Canada employed by the Company.

Mr. HERRIDGE: This *Fair Wages and Hours of Labour Act* is an Act of the legislature of Ontario?

Mr. BENIDICKSON: I think because it is an international bridge that it comes under federal legislation. A side note refers to revised statutes 1952, chapter 108. I would think that would be a federal statute because it is an international project.

The CHAIRMAN: Shall clause 22 carry?

Carried.

Clause 23?

Carried.

Shall the title carry?

Carried.

Shall the bill carry?

Carried.

Shall I report the bill without amendment?

Carried.

The CHAIRMAN: Thank you gentlemen. The committee is adjourned until the call of the chair.



CAI
XC 14
- R 11

HOUSE OF COMMONS

Second Session—Twenty-second Parliament

1955

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND
TELEGRAPH LINES

Chairman: H. B. McCULLOCH, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

Bill No. 406 (Letter T-12 of the Senate) An Act to incorporate Stanmount Pipe Line Company.

Bill No. 408 (Letter Z-12 of the Senate) An Act to incorporate Trans-Border Pipeline Company Ltd.

Bill No. 414 (Letter B-14 of the Senate) An Act respecting Westcoast Transmission Company Limited.

TUESDAY, JUNE 7, 1955

WITNESSES:

Mr. R. C. Merriam, Barrister-at-Law, of Ottawa; Mr. C. R. J. Smith, Executive, of North York; Mr. Hugh Plaxton, Barrister-at-Law, of Toronto; and Mr. S. Donald Moore, Executive, of Edmonton.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955

STANDING COMMITTEE
ON
RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: H. B. McCullough, Esq.,
and
Messrs.

Balcom	Gourd (<i>Chapleau</i>)	McIvor
Barnett	Green	McWilliam
Batten	Habel	Meunier
Bonnier	Hahn	Montgomery
Boucher (<i>Chateauguay- Huntingdon-Laprairie</i>)	Hamilton (<i>Notre-Dame- de-Grace</i>)	Murphy (<i>Lambton West</i>)
Buchanan	Hamilton (<i>York-West</i>)	Murphy (<i>Westmorland</i>)
Byrne	Hanna	Nesbitt
Campbell	Harrison Healy	Nicholson
Carter	Herridge	Nickle
Cauchon	Holowach	Nixon
Clark	Hosking	Nowlan
Deschatelets	Howe (<i>Wellington- Huron</i>)	Purdy
Dupuis	Johnston (<i>Bow River</i>)	Ross
Ellis	Kichham	Small
Follwell	Lafontaine	Stanton
Fulton	Langlois (<i>Gaspe</i>)	Viau
Gagnon	Lavigne	Villeneuve
Gauthier (<i>Lac-Saint- Jean</i>)	Leboe	Vincent
Goode	MacNaught	Weselak

Eric H. Jones,
Clerk of the Committee.

ORDERS OF REFERENCE

HOUSE OF COMMONS,

FRIDAY, May 27, 1955.

Ordered,—That the following Bill be referred to the said Committee:

Bill No. 406 (Letter T-12 of the Senate), intituled: "An Act to incorporate Stanmount Pipe Line Company".

TUESDAY, May 31, 1955.

Ordered,—That the following Bills be referred to the said Committee:

Bill No. 408 (Letter Z-12 of the Senate), intituled: "An Act to incorporate Trans-Border Pipeline Company Ltd."

Bill No. 414 (Letter B-14 of the Senate), intituled: "An Act respecting Westcoast Transmission Company Limited".

FRIDAY, June 3, 1955.

Ordered,—That the name of Mr. Balcom be substituted for that of Mr. James; and

That the name of Mr. MacNaught be substituted for that of Mr. Carrick; and

That the name of Mr. McWilliam be substituted for that of Mr. Cavers; and

That the name of Mr. Hanna be substituted for that of Mr. Decore on the said Committee.

Attest.

Leon J. Raymond,
Clerk of the House.

REPORTS TO THE HOUSE

TUESDAY, June 7, 1955.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

FOURTEENTH REPORT

Your Committee has considered the following Bills and has agreed to report the said Bills without amendment:

Bill No. 406 (Letter T-12 of the Senate), intituled: "An Act to incorporate Stanmount Pipe Line Company".

Bill No. 414 (Letter B-14 of the Senate), intituled: "An Act respecting Westcoast Transmission Company Limited".

Your Committee has also considered Bill No. 408 (Letter L-12 of the Senate), intituled: "An Act to incorporate Trans-Border Pipeline Company Ltd.", and has agreed to report the said bill with one amendment, namely:

Clause 6

Page 2, line 31, after the words "pipe lines," insert the following:

"provided that the main pipe line or main pipe lines for the transmission of gas and gaseous hydrocarbons shall be located entirely within Canada,"

A copy of the evidence adduced in respect of the said bills 406, 408 and 414 is appended.

All of which is respectfully submitted.

H. B. McCULLOCH,
Chairman.

TUESDAY, June 7, 1955.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

FIFTEENTH REPORT

Clause 3 of Bill No. 406 (Letter T-12 of the Senate), intituled: "An Act to incorporate Stanmount Pipe Line Company", reported by the Committee this day in its Fourteenth Report, provides for Capital Stock of one million shares without nominal or par value.

Your Committee recommends that for taxing purposes under Standing Order 93(3) the aggregate value of the said shares be fixed at \$5,000,000.

All of which is respectfully submitted.

H. B. McCULLOCH,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, June 7, 1955.

The Standing Committee on Railways, Canals and Telegraph Lines met at 10.30 o'clock this day. The Chairman, Mr. H. B. McCulloch, presided.

Members present: Messrs, Balcom, Batten, Campbell, Carter, Green, Hahn, Hanna, Healy, Herridge, Kickham, Lafontaine, MacNaught, McCulloch (*Pictou*), McIvor, McWilliam Montgomery, Villeneuve and Weselak.

In attendance: Mr. R. F. Hanna, M.P., for Mr. John Decore, M.P., Sponsor of Bill No. 408; Mr. F. T. Fairey, M.P., Sponsor of Bill No. 414; Mr. R. C. Merriam, Counsel on behalf of Mr. D. K. MacTavish, Q.C., Parliamentary Agent; Mr. C. R. J. Smith of North York, Executive; Mr. Hugh Plaxton of Toronto, Counsel; and Mr. S. Donald Moore of Edmonton, Executive.

On motion of Mr. McWilliam,

Resolved,—That the Committee print 750 copies in English and 200 copies in French of its Minutes of Proceedings and Evidence in respect of the three bills on the Orders of the Day, namely, Bills Nos. 406, 408 and 414.

The Committee proceeded to consider Bill No. 406 (Letter T-12 of the Senate) intituled: "An Act to incorporate Stanmount Pipe Line Company."

Mr. Plaxton was called; he explained the purpose of the bill, answered questions thereon and was retired.

Mr. Smith was called and explained the proposed operations of the company; he answered questions and was retired.

On clause by clause consideration, the preamble and clauses 1 and 2 were adopted.

On Clause 3

A declaration on behalf of the promoters was submitted that the aggregate consideration proposed to be received by the company on the issue of the one million shares without nominal or par value constituting the authorized capital of the company is five million dollars.

On motion of Mr. Lafontaine,

Resolved,—That, for the purpose of levying a charge on the capital stock consisting of one million shares without nominal or par value under Standing Order 93(3), the Committee recommend that the said charges be levied on the amount of \$5,000,000.

Clause 3 was adopted.

Clauses 4 to 11 and the title were severally adopted; the bill was carried.

Ordered,—That the Chairman report Bill No. 406 to the House without amendment and request concurrence of the House in the Committee's recommendation in respect of capital stock charges.

The Committee then considered Bill No. 408 (Letter Z-12 of the Senate) intituled: "An Act to incorporate Trans-Border Pipeline Company Ltd."

Mr. Hanna, for the Sponsor, briefly explained the bill; Mr. Merriam made further explanation; Mr. Moore was called, answered questions and was retired.

The preamble and clauses 1 to 5 inclusive were severally adopted.

On clause 6

Following debate, on motion of Mr. Hanna,

Resolved,—That Clause 6 be amended by inserting, after the words “pipe lines,” in line 31 of page 2, the following:

“provided that the main pipe line or main pipe lines for the transmission of gas and gaseous hydrocarbons shall be located entirely within Canada,”

Clause 6, as amended, was adopted; clauses 7 to 11 inclusive and the title were severally adopted; the bill, as amended, was carried.

Ordered,—That the Chairman report Bill No. 408 to the House, as amended.

The Committee then considered Bill No. 414 (Letter B-14 of the Senate) intituled: “An Act respecting Wescoast Transmission Company Limited.”

Mr. Fairey, Sponsor, explained the purpose of the bill and answered questions thereon.

The preamble, clause 1 and the title were severally adopted; the bill was carried.

Ordered,—That the Chairman report Bill No. 414 to the House without amendment.

At 11.40 o'clock a.m., the Committee adjourned to the call of the Chair.

Eric H. Jones,
Clerk of the Committee.

EVIDENCE

TUESDAY, June 7, 1955.
10.30 a.m.

The CHAIRMAN: Gentlemen, we have a quorum now. We have three pipe line bills before us this morning but before we proceed to consider them I would ask whether the committee considers it necessary to print our proceedings on these three private bills? Somebody should move to do so if they wish to have it printed.

Mr. LAFONTAINE: We don't need them.

Mr. GREEN: Mr. Chairman, all the others have been printed.

Mr. LAFONTAINE: We will save some money.

Mr. GREEN: Well, we should have a record of them all.

Mr. McWILLIAM: What is the usual number that is printed?

The CHAIRMAN: The usual motion for this is as follows: That the committee print 750 copies in English and 200 copies in French of its minutes of proceedings and evidence in respect of the three bills on the order paper, namely, 406, 408 and 414. Would somebody move that?

Mr. LAFONTAINE: I will.

Carried.

The CHAIRMAN: Bill 406, Senate letter T-12. I will now call the preamble. Mr. Hellyer, would you introduce the bill as sponsor and then we may hear from Mr. Merriam. Mr. Hellyer is not here? Then we will hear from Mr. Merriam.

Mr. R. C. MERRIAM: Mr. Chairman and gentlemen, Mr. Hugh Plaxton who is the solicitor for the proposed company and is thoroughly familiar with the details of incorporation and of the operations of the company is here and I would suggest that in order to save time we ask Mr. Plaxton to explain the bill to you and to answer any questions you may have.

The CHAIRMAN: Will you come and take a seat, Mr. Plaxton?

Mr. HUGH PLAXTON: Mr. Chairman and hon. members, I have with me in addition to Mr. Merriam, Mr. Smith, who is the Canadian principal in this proposed venture.

The purpose of this bill is to permit of the construction of a ten-inch line for the transportation of oil which will connect up the Tioga and Beaver Lodge fields in northwestern part of North Dakota in the Williston basin with the Interprovincial Pipeline at Cromer. The line will be approximately 140 miles in length and half of it will be constructed in the United States through a wholly-owned subsidiary of the proposed company and the other half will be constructed in Canada and will be owned and operated by the proposed company, Stanmount Pipe Line Company.

Interprovincial Pipeline Company has expressed its agreement with the taking of this oil into its line at Cromer and delivering it back into the States via this new Canadian line and its wholly-owned American subsidiary, the Lakehead Pipeline Company. Thus, you have really, in this proposed bill and in the proposed operations of this company, the reversal of what is happening in the case of Interprovincial, where they take Canadian oil through

the western provinces and down into the States through their American subsidiary company, and into Canada at Sarnia. We are proposing the reverse, in that we will take it from the Williston basin, from the fields I have just mentioned, Tioga and Beaver Lodge, up through to Canada and back into the States where it will be dumped off in the Minneapolis-St. Paul area. Then there may be other branch lines, possibly to a place called Sheboygan and other places, as business develops.

The total initial cost of this venture will approximate about \$6 million of which approximately half would be spent in Canada and half in the United States.

There is one point which I think is worthy of note in connection with this bill and that is that the Williston basin area, located partly in North Dakota and partly in Montana, is estimated by authoritative engineers to have a proven and semi-proven quantity of oil approximating 600 million to 700 million barrels. At the present time that oil is virtually immobile because, outside of railways and trucks which is a very costly means of transporting oil, that oil has not got a ready and economic access to the markets in the United States which lie to the east, and it is thought in the view of very skilled engineers who have been consulted in this matter—and I refer to Bascule Services of New York who are identified with the Interprovincial Company and other pipe lines which are in operation in western Canada today, and also Mr. Morgan Walker who is rated one of the top pipe line engineers in the world today—that this proposed line is not only economic but fills a great need. I might add in that connection that, while at the moment we are passing through what might be termed a semi-peaceful era in this world, from the viewpoint of a possible national emergency this pipe line, if it is permitted to be constructed, would be a great asset both to the United States and to Canada in that it would help in facilitating the movement of this vast quantity of oil presently laid up in the Williston Basin.

As I have said, I have with me Mr. Smith of the city of Toronto who is the Canadian Principal in these proposals and if there are any questions of detail which the committee would like to ask, I know he would be delighted to answer.

Mr. McIVOR: I would like to ask a question. It says here: "in the province of Ontario, Manitoba and Saskatchewan". Does that mean that this line would go through Fort William and Port Arthur?

Mr. PLAXTON: No. I should perhaps have explained that. Would you look at the map? This line will run right from Kioga and the Beaver Lodge fields across the southeast corner of Saskatchewan into the Interprovincial line at Cromer until it gets back to the United States. The oil will be transmitted by the Interprovincial pipe line and the lakehead pipe lines in the United States. It is not proposed to cross through the hon. member's constituency. The reason Ontario is included is because it is proposed that the head office of the company should be located in Toronto.

Mr. WESELAK: Does the Federal Power Commission have to authorize the building of the line in the United States, and has it already done?

Mr. PLAXTON: My understanding in that connection is that the only permission needed in the United States is what is called a certificate of necessity which permits an accelerated writing-off of the costs of the line. Otherwise you can proceed to construct. I am informed by Mr. Smith that it is subject to the approval of the rates.

Mr. WESELAK: Does this company have to be formally set up by American jurisdiction as well?

Mr. PLAXTON: Yes. There has already been a subsidiary company called the Stanmount Pipe Line Company of Delaware. It has already been formed.

Mr. HAHN: I take it this oil line will carry oil only?

Mr. PLAXTON: Oil only.

Mr. HAHN: Is it the intention to take oil from the Saskatchewan fields and the Manitoba fields?

Mr. PLAXTON: Naturally, if we have room in the pipe and if we are going through an area and they are willing to give us freight we will be glad to carry it. We will be a common carrier, anyway, and therefore we will have to take it.

Mr. WESELAK: I gather the line begins and ends in the United States.

Mr. PLAXTON: No, our line starts in Kioga, and proceeds northeast across the international boundary to Cromer, Manitoba. That is the extent of our line. We worked out a joint arrangement with Interprovincial, and they have adequate room in their line to transport it down into the United States—using a line which is already constructed, rather than build a line right through to the United States, which would be very costly.

Mr. HAHN: You have already negotiated with Interprovincial on the understanding that this is to be authorized?

Mr. PLAXTON: Yes, we have.

Mr. WESELAK: You take it from one point in the United States and deliver it to another?

Mr. PLAXTON: Exactly. The oil would travel through Canada in bond.

The CHAIRMAN: Gentlemen, on clause 3 of this bill we will have to have a motion in regard to capital stock charges. Shall the preamble carry?

Carried.

Shall clause 1 carry?

Carried.

Shall clause 2 carry?

Carried.

On clause 3, the Clerk of the Committee will now read a declaration in regard to the no par value stock.

The CLERK OF THE COMMITTEE: This is a declaration signed by Mr. Plaxton. It reads as follows:

Province of Ontario
County of Carleton
To Wit:

{ IN THE MATTER OF the application of
CLIFFORD RICHARD JOHN SMITH and
others for an Act of Parliament in-
corporating STANMOUNT PIPE LINE
COMPANY

I, HUGH PLAXTON, of the City of Toronto in the County of York, Solicitor, make oath and say as follows:

1. I am the Solicitor for the applicants herein and as such have knowledge of the facts herein deposed to.

2. The aggregate consideration proposed to be received by the Company on the issue of the one million (1,000,000) shares without nominal or par value constituting the authorized capital of the Company is five million dollars (\$5,000,000).

SWORN before me at the City of
Ottawa, in the County of Carleton,
this 7th day of June, 1955.
'Ronald C. Merriam'
A Commissioner, etc.

HUGH PLAXTON"

Mr. LAFONTAINE: I move, seconded by Mr. Balcom,

"That for the purpose of levying a charge on the capital stock consisting of one million shares without nominal or par value under the provisions of Standing Order 93(3), the Committee recommend that the said charge be levied on an amount of \$5,000,000."

The CHAIRMAN: You have all heard the motion read. Does the motion carry?

Carried.

Shall clause 3 carry?

Carried.

Shall clause 4 carry?

Carried.

Shall clause 5 carry?

Carried.

Shall clause 6 carry?

Carried.

Shall clause 7 carry?

Carried.

Shall clause 8 carry?

Carried.

Shall clause 9 carry?

Carried.

Shall clause 10 carry?

Carried.

Shall clause 11 carry?

Carried.

Shall the title carry?

Carried.

Shall the bill carry without amendment?

Carried.

Shall I report the bill without amendment?

Agreed.

Mr. LAFONTAINE: There was an amendment.

The CHAIRMAN: No, there was only a recommendation. Shall I report the recommendation to the House in accordance with the resolution regarding capital stock charges?

Agreed.

Bill 408, Letter Z-12 of the Senate, "An Act to incorporate Trans-Border Pipeline Company Ltd." Mr. Hanna, will you speak for Mr. Decore, the sponsor?

Mr. HANNA: The purpose of this bill is to incorporate a company which will endeavour to acquire a pipe line which is now in existence, known as the Canol Pipeline, which lies between Skaway, Alaska and Whitehorse, in the Yukon.

The counsel for the parliamentary agent for the company, Mr. Merriam, is here, and one of the principal, Mr. S. Donald Moore of Edmonton is also here. Perhaps the committee would like to direct its questions to them and get an explanation of the bill and of this proposed incorporation.

The CHAIRMAN: Mr. Merriam is here to answer any questions which may be asked. Are there any questions?

Would you like to explain the situation, Mr. Merriam?

Mr. R. C. MERRIAM: Mr. Chairman and hon. members, Mr. Hanna has certainly given you the general purpose of the bill. There is not a great deal to add. I think the answer is simply this, that the petitioners have come to parliament asking parliament to endow them with the capacity to carry on negotiations for the taking over and operation of this pine line mentioned by Mr. Hanna which was built as part of the Canol system during the war and has now served its purposes as far as the government of the United States and the government of Canada are concerned and is available, as I understand, for operation by private individuals.

There is a desire, we understand, on the international level, to maintain this pipe line in operation if for no other reason then as a standby emergency line. The United States government has itself built an alternative line which will be in operation later this year, but I think the desire is that if at all possible this line should continue at least as an emergency standby possibility.

It is for the purpose of carrying out the necessary negotiations, or to have the capacity to do so, that the petitioners have come before parliament asking for the incorporation of a company which would give them that right.

Mr. CAMPBELL: Is this a four inch pipe line?

Mr. MERRIAM: I think it is a six or eight inch pipe line.

Mr. CAMPBELL: Is it the same line as in the Yukon bill?

Mr. MERRIAM: Yes, the same line exactly.

Mr. GREEN: There was some discussion in the House about an amendment to this bill. Mr. Decore indicated that when the bill came to committee he would move an amendment, an amendment to clause 6. Is that still the intention?

Mr. MERRIAM: Yes. We are not opposing that amendment. As I understand it the amendment which was discussed at that time is worded that there be included in clause 6 at the appropriate place the words "provided that the main pipe line or main pipe lines for the transmission of gas and gaseous hydrocarbons shall be located entirely within Canada," I believe that is the amendment to which you are referring. The promoters have no objection to that amendment being inserted if this committee so desires.

Mr. GREEN: Your company appears to be in direct competition with Yukon Pipe Lines Limited.

Mr. MERRIAM: That is correct.

Mr. GREEN: And is this pipe line laid on the right of way of the White Pass and Yukon Railway?

Mr. MERRIAM: To a large extent, yes.

Mr. GREEN: And the Yukon Pipe Lines Limited is a subsidiary of the White Pass and Yukon Railway?

Mr. MERRIAM: I do not know, but I understand that is the situation.

Mr. GREEN: Your clients will attempt to get this pipe line which is laid on the right of way of your competitors? Is that right?

Mr. MERRIAM: We will both be negotiating with the present owners to maintain and operate that pipe line.

Mr. GREEN: Who owns the pipe line now?

Mr. MERRIAM: As I understand it the ownership is now vested in the Canadian and United States governments as part of that Canol project during the war.

Mr. GREEN: The Canadian government has an interest in it?

Mr. MERRIAM: Yes.

Mr. GREEN: A half interest?

Mr. MERRIAM: I am not sure what the proportion is between the two governments. I think the negotiations must be with the governments.

Mr. GREEN: What is the estimated value of the line?

Mr. S. DONALD MOORE: The value of the line which is now about eleven years old is subject to some evaluation by competent engineers when and if we receive the power to negotiate for the line before the Board of Transport Commissioners. I would say an estimate would now be that the value is somewhere around \$500,000 or thereabouts. The company itself is not completely up to date as to the maintenance and current condition of the line, but about two years ago it was in fairly good shape and worth about that amount of money on an outright purchase.

Mr. GREEN: Could you tell us something about the applicants for incorporation?

Mr. MOORE: The applicants are largely the officers and directors and associated interests of Developments Limited which company is engaged in the development and exploration of mine, mineral, oil and gas resources in western Canada, including the Yukon and Northern British Columbia.

Mr. GREEN: Are they promoters?

Mr. MOORE: I would not know quite how to answer that except that this company is now adequately financed for its work and is actively engaged in a number of different exploration projects in western Canada.

Mr. GREEN: Are these applicants engaged in the oil business in any way at the present time?

Mr. MOORE: Yes, they are. They control and own interests in some 175,000 acres of oil and gas leases, reservations and royalty interests in Alberta and Saskatchewan.

Mr. GREEN: But are they actually in the business of producing oil?

Mr. MOORE: No, not at the moment.

Mr. GREEN: Or are they in any other pipe line business?

Mr. MOORE: Not at the moment, no.

Mr. GREEN: What do the individuals do who are applying for this charter?

Mr. MOORE: They include engineers, geologists, a fuel oil distributor for the province of Alberta, and an accountant who was directly connected with the operation of this line while it was under United States army control.

Mr. GREEN: Who is he?

Mr. MOORE: He is Thomas W. Connell. He was with the United States army for two or three years with the line in Whitehorse.

Mr. GREEN: What is Lt.-Col. Colquhoun?

Mr. MOORE: He is the manager of R. S. Weston Company Limited, a securities house in Vancouver, B.C.

Mr. GREEN: What is Mr. McIntyre?

Mr. MOORE: He is a financial agent in the city of Edmonton.

Mr. GREEN: And Mr. Plotke?

Mr. MOORE: Mr. Plotke is connected with one of the largest fuel oil distributing organizations in the province of Alberta, Canada West Distributors.

The CHAIRMAN: Are there any further questions?

Mr. MONTGOMERY: How many miles in length is this line?

Mr. MOORE: 110 miles.

Mr. MONTGOMERY: Have you any idea of the cost of building that line today?

Mr. MOORE: I do not think I have. It was built under war emergency and the costs of building it are probably out of line with the costs which would pertain to ordinary circumstances.

Mr. MONTGOMERY: You mentioned the price of \$500,000 as an estimated value now?

Mr. MOORE: That is a rough estimate.

Mr. MONTGOMERY: Would it cost at least twice as much to replace it?

Mr. MOORE: It would probably be somewhat more than twice as much to replace that line.

Mr. MONTGOMERY: Do I understand that it is dormant now?

Mr. MOORE: No. It is now in operation and has been since its inception. It is quite important to the city of Whitehorse in that it supplies Whitehorse and practically all the Yukon with all its fuel oil.

Mr. MONTGOMERY: Who is operating it at the present time?

Mr. MOORE: The United States army.

Mr. MONTGOMERY: Would that be under lease?

Mr. MOORE: The status of the line is that it is a United States Government facility, owned now entirely by the United States government. Pursuant to the Canol agreements made during 1942, 1943, 1944, the United States government, when it wished to dispose of the line, was committed to communicate with the Canadian government, and further agreements in 1947, I believe, committed the United States government to turn over that portion of the line in Canada without cost to the Canadian government or at the Canadian government's direction. Further the United States government was committed to make a reasonable deal for that portion of the line within Alaska. That is where it stands right now.

Now, about April 20 this year, the United States army offices, which had direct control of the line and still have, issued a directive to the Anchorage, Alaska, engineering office to commence negotiations pursuant to these exchanges of notes between the two governments with the appropriate Canadian authority leading to the disposal of the line on which the Haines-Fairbanks Pipe Line was in operation.

Mr. GREEN: How would you get the right to operate this on the right of way of the White Pass Yukon line?

Mr. MOORE: The White Pass Yukon Line is receiving something like \$31,000 a year from the United States army for their right of way and it is something similar to pipe lines running through the farmer's field. They do not give the farmers any vested interest in the pipe line but arrangements are made with owners of the properties through which the pipe line right of way runs. The topographical requirements of the area—restrictions of topography—dictated that the pipe line be laid along or near the right of way of the White Pass and Yukon Railway.

Mr. MONTGOMERY: In other words it is laid under an easement?

Mr. MOORE: I am not sure what the arrangements are but it is equivalent to that exactly.

Mr. GREEN: Are there any men of the United States army interested in this corporation?

Mr. MOORE: No, sir.

The CHAIRMAN: Shall the preamble carry?

Carried.

Shall clause 1 carry?

Carried.

Shall clause 2 carry?

Carried.

Shall clause 3 carry?

Carried.

Shall clause 4 carry?

Carried.

Shall clause 5 carry?

Carried.

On clause 6 there is an amendment to clause 6. Have you an amendment, Mr. Hanna, to clause 6?

Mr. HANNA: Mr. Chairman, as I understand it the principals are not asking for this amendment. They have asked me to move the bill. I am not quite clear about the wishes of the committee as to whether it wishes, or insists on this amendment. I am not quite clear on the significance of the amendment and I wonder if those people who are proposing the amendment would explain it further. In other words, I do not want to be in the position of moving an amendment which I am not quite clear on. I am pinch hitting for Mr. Decore who could not be here this morning. So, before moving the amendment I would like to hear further discussion on it.

Mr. GREEN: I point out, Mr. Chairman, that in the House Mr. Decore said:

I have been authorized to say that when this bill is dealt with in committee the agent acting on behalf of the proposed company will have no objection to amending section 6 in the bill so that it will provide that the main pipe line for the transmission of gas and oil and other liquid and gaseous hydrocarbons shall be located entirely within Canada.

Then, he changed it later on on a subsequent day to read:

The proposed company will have no objection to amending section 6 in the bill so that it will provide that the main pipe line for the transmission of gas and gaseous hydrocarbons shall be located entirely within Canada.

In other words, he took out oil. I point out that these people are in direct competition with the Yukon Pipe Lines Limited which was sponsored here by Mr. McIlraith. These people are trying to get the pipe line which is actually laid on the right of way of the applicants for whom Mr. McIlraith appeared. In Mr. McIlraith's bill an amendment of this type was inserted. Now there is not any reason why these people should have any better position than the Yukon Pipe Lines Limited. You will notice that those corporations are asking for the power to build gas pipe lines. It is not confined to the Yukon. The Trans-Border ask power for British Columbia, Alberta and Yukon Territory, and outside Canada; and Yukon Pipe Lines Limited asked for that power in the Yukon, British Columbia, and also outside of Canada. Now there is some doubt whether we should even approve of this incorporation because it looks as though the applicants are a group of promoters who are trying to get this pipe line although the line

is actually laid on the right of way of the White Pass and Yukon. Certainly they are entitled to no better position than their competitors, the Yukon Pipe Lines Limited. I think that the undertaking given by Mr. Decore in the House was broad enough to indicate that when the bill came before the committee he would make that amendment.

Mr. MERRIAM: In view of what Mr. Green has said and in view of the impression which Mr. Green and undoubtedly a number of other members have, I think we would be very happy if Mr. Hanna would be good enough to move the amendment of Mr. Decore at this time.

Mr. HANNA: Mr. Chairman, I said I was not here when this bill was discussed and considered originally. I was not present when Mr. Decore made the statement which Mr. Green has referred to. However, in view of the fact that apparently this amendment is desirable I would like to move that on page two, line 31, after the words "pipe lines", insert the following:

provided that the main pipe line or main pipe lines for the transmission of gas and gaseous hydrocarbons shall be located entirely within Canada;

The CHAIRMAN: Moved by Mr. Hanna and seconded by Mr. Lafontaine. All in favour of the amendment?

Carried.

Mr. CAMPBELL: This is mainly for gas and gaseous hydrocarbons and now you say you want to take on an oil pipe line?

Mr. MERRIAM: This is an oil pipe line.

Mr. CAMPBELL: The pipe line you want to get is an oil pipe line?

Mr. MERRIAM: Yes. This type of limitation has not, to the best of my knowledge, been general in oil lines. But the reason it has been suggested that it be inserted here is because clause 6, which conforms to the general clause 6 in all pipe line bills, is broad enough to include the construction and operation of a gas pipe line which would be something entirely divorced from that particular line to which our attention has this morning been addressed. But, in the future the company might say, "We would like to build a gas line", and in the event that that should happen then this limitation comes into play.

The CHAIRMAN: All those in favour of the amendment?

Carried.

Shall clause 6 as amended carry?

Carried.

Shall clause 7 carry?

Carried.

Shall clause 8 carry?

Carried.

Shall clause 9 carry?

Carried.

Shall clause 10 carry?

Carried.

Shall clause 11 carry?

Carried.

Shall the title carry?

Carried.

Shall the bill carry as amended?

Mr. HAHN: Before you carry the bill, what effect has the sale of shares upon the public at large in companies such as this where we have a duplication of lines? What protection have we for the public that they do not buy stock in a company which is going to be non-existent by reason of the fact that two of them are competing for the same line and each of them goes out and sells shares when only one can get it? What protection have we for them?

Mr. MERRIAM: I think that the answer to that question is a practical answer, that in order to market shares of this size, \$5 million or whatever this appears to be, the services of an underwriter in the first place must be employed, and in the second place the company must file a prospectus with the provincial authorities and the federal authorities indicating in very great detail the basis for the issuance of those shares, the security behind the company, the status of the company and so on; and unless the company had the assets, in this case the right to operate that pipe line, neither an underwriter nor the provincial nor the federal authorities would ever approve of the issuing of the shares. The underwriter in the first place would not cover them, and in the second place the provincial authorities are charged with the responsibility of ensuring that worthless stocks are not marketed, and they would never approve the prospectus.

Mr. HAHN: A number of these companies may never exist as such and no shares will be sold to the public in their name?

Mr. MERRIAM: Until the company manages to get to the Board of Transport Commissioners and can prove and show it the earning power available in its hands, then it can say to its financiers and undertakers this is what we have and what do you think our shares are.

Mr. HAHN: They have to have a licence before they can issue shares? There is no condition to that; they must have a licence? Could we go as far as to say that?

Mr. MERRIAM: No. They need not have a licence.

Mr. HAHN: At what point then is the public protected before they can transport gas or hydrocarbons or oil? They must get a licence from the Transport Commissioners?

Mr. MERRIAM: Yes.

Mr. HAHN: At what point does the public know that they have that licence? If they can sell shares before they have that licence, what guarantee have we that the public are going to be investing in a sound company?

Mr. MERRIAM: These private act companies are subject to the same provincial laws with regard to the issuing of shares and securities as is any other company, whether incorporated under the Dominion Companies Act or under the Provincial Companies Act, or under an extra provincial incorporation. Those laws are very strictly enforced by the Security Exchange Commissions of each particular province. Before a company or an underwriter can offer shares to the public, the securities commission in each province must be satisfied that those shares are of some value. The public, in the case of these private act companies, has the same protection it has in the case of any other company.

Mr. HAHN: You have mentioned the provinces in each instance. How about the Yukon Territories?

Mr. MERRIAM: I am not sure. I have never had occasion to deal with a prospectus or any financing in the Yukon Territories, but I do not think that a company would be able to do much financing in the Yukon. These companies, generally speaking, have to finance in the large industrial centres. This company operates in the Yukon but that does not mean it can get its money from the Yukon.

Mr. GREEN: The position will be that one or the other of these companies will have to make a deal with the Canadian government for that part of the pipe line which is in Canada, and with the American government for that portion of the line which is in Alaska. Is that the situation?

Mr. MERRIAM: I think generally speaking that is the type of negotiations which will have to be completed.

Mr. GREEN: In effect somebody has to make a deal with the two governments?

Mr. MERRIAM: Yes.

Mr. HAHN: What will the position be if one company makes a deal with the Canadian government and the other company makes a deal with the United States government?

Mr. MERRIAM: I think Mr. Moore can answer that question better than I can.

Mr. MOORE: First I would like to state that we as well as our competitor applicant are here merely to obtain the power to incorporate a company so that we can approach the Board of Transport Commissioners for permission to operate a pipe line pursuant to the Pipe Lines Act as amended.

As I stated previously on this one question of the rights of the two companies, in the light of the notes of agreement between the two governments it provides that the Canadian government will take over the entire line between Skagway and Whitehorse because it is of significance only to Canada and the Yukon. The section of the line in Alaska is a small percentage of the total mileage, which is a small line in itself of 110 miles. But the Canadian government will take over without compensation according to the agreements that section of the line within British Columbia and within the Yukon and will then negotiate with the United States government on that section plus the loading facilities in Skagway—the tankage facilities—to acquire that section of the line as a complete entity. Therefore the two companies will merely have to negotiate with the Canadian government to take over this facility.

Mr. HAHN: In clause 6 we have:

The company, subject to the provisions of any general legislation relating to pipe lines for the transmission and transportation of gas and oil and another liquid and gaseous hydrocarbons which is enacted by parliament may

(a) in the provinces of British Columbia and Alberta and the Yukon Territories . . .

I come back to this question of the Yukon Territories. You are in effect getting the right here to build a pipe line in the Yukon Territories. Is it not true you could build other lines in the Yukon Territories if we pass this bill?

Mr. MOORE: Yes.

Mr. HAHN: That line which you hope to get may never materialize but you would be prepared to go ahead with the construction of any other line in the Yukon Territories, depending upon the issuance of a licence from the Board of Transport Commissioners?

Mr. MOORE: Yes.

Mr. SHAW: If you make such an application and it is refused at what point is the public in Canada protected, in the event of this Yukon Territories thing alone never materializing? There is no provincial jurisdiction in respect to the issuance of stock. Just where does the control come in on that line?

Mr. MOORE: That is the point.

Mr. HAHN: That is the point.

Mr. MOORE: That is a federal body which administers the affairs of the Yukon Territory. Now I cannot go on record as saying that they examine any prospectus or any proposed issue of stock in the case of a Yukon Territory Company—I do not know—but let us assume for a moment that the company is going to build a pipe line in the Yukon Territory, and say for purposes of argument that it is going to consider \$5 million, without knowing too much about the Yukon Territories. I would rather doubt that the company could raise \$5 million in the Yukon Territories, so that, as a matter of practical financing, the financing of these companies must be done through the large centres of New York, Montreal and Toronto. That certainly has been the experience in any pipe line so far because of the amount of capital required. Immediately you get down to those centres you first of all have to deal with a large firm of financial underwriters. They just will not look at these things, and will hardly give you any more than a letter of intent, until you have got all your licences, your easements, and can show them in black and white precisely where your income is coming from. And they see also your licences from the Board of Transport Commissioners and the Federal Power Commissioners. After all those conditions are complied with, then you must go to the provincial authorities in the province in which you hope to obtain the money. Again, if you are looking for \$25 million, you are not going up to the Yukon Territories. You may sell some in Vancouver, Calgary, Edmonton, Winnipeg, and so on, and all those are very closely guarded by the provincial securities commission. So I think the public has ample protection all along the line.

The CHAIRMAN: Shall the bill carry as amended?

Mr. MONTGOMERY: The witness indicated they would have to apply to the Security Commission in each province before they could sell that stock.

Mr. MOORE: One must file a prospectus with the Provincial Securities Commission.

Mr. MONTGOMERY: Yes, but if your head office is in Alberta and all your property is in the Yukon Territory, is it true that you have to apply to the Quebec Securities Commission to obtain permission?

Mr. MOORE: If you want to sell shares in Quebec.

Mr. MONTGOMERY: The same for Ontario?

Mr. MOORE: Yes.

Mr. MONTGOMERY: And for Nova Scotia?

Mr. MOORE: Yes.

The CHAIRMAN: Shall the bill as amended carry?

Carried.

Shall I report the bill as amended?

Agreed.

The CHAIRMAN: Bill 414, an Act respecting West Coast Transmission Company Limited.

Mr. FAIREY: Mr. Chairman, and gentlemen, this is a bill for the West Coast Transmission Company Limited which is, as I think members know, the company which is building a pipe line in northern British Columbia and in Alberta through the Vancouver district to transport natural gas. In addition to that, the Pacific Northwest Pipe Line System of the United States has made application to the United States Federal Power Commission for permission to import 200 million cubic feet daily of gas which is to be sold in the United States. This pipe line which was originally intended to be a 24-inch pipe line would not be economically sound unless this gas was

to be sold not only in the Vancouver and lower mainland area of British Columbia but also in the northwestern United States. That seems to be assured. For that reason, the company feels that it will be necessary to increase the size of the pipe, probably to a 30 inch pipe, and perhaps have even an additional pipe line. In order to have a little more freedom in their capitalization, it is suggested by this bill that they be given power to change the capital stock from 5 million shares to 25 million shares. The reason for this is to give them a little more freedom in the transfer of shares. It is not intended that the total value of the capitalization will be increased.

If there are any more questions in respect to this I think that Mr. Merriam will be in a position to answer them.

Mr. MERRIAM: I can only assure the members of the committee that the aggregate value placed on the 5 million no par value shares when the company was incorporated in 1949 is not being changed. We filed an affidavit at that time indicating the aggregate value, to be \$50 million. That amount remains unchanged.

Mr. MONTGOMERY: It gives a wider distribution?

Mr. MERRIAM: Yes.

The CHAIRMAN: Shall the preamble carry?

Carried.

Shall clause 1 carry?

Carried.

Shall the title carry?

Carried.

Shall the bill carry without amendment?

Carried.

Shall I report the bill without amendment?

Carried.

The CHAIRMAN: The committee stands adjourned to the call of the chair.

